

Growth in Private Foreign Investments

AMERICAN private investors added a record \$1.8 billion to direct investments abroad in 1952, raising the book value of these investments to \$14.8 billion at the end of that year. Partial data for 1953 indicate that the additions were somewhat smaller but probably brought the total value to well over \$16 billion. This was an increase of more than 30 percent over the value at the end of 1950 reported in the recent census published in *Foreign Investments of the United States*, a 1953 Supplement to the *SURVEY OF CURRENT BUSINESS*.

A considerable part of the continued large amounts added to direct investments abroad in the postwar years is attributable to ploughing back current earnings of foreign subsidiaries.¹ Capital flows from the United States and reinvestment of current earnings increased sharply in 1952, with the latter accounting for more than half of the additions to investment in that year.

Gross and net capital outflows

The data on capital outflows for 1951 and 1952 given in detail in the accompanying tables are revisions of previous estimates and are based on the census data for 1950. Similarly detailed data for 1953 are not yet available.

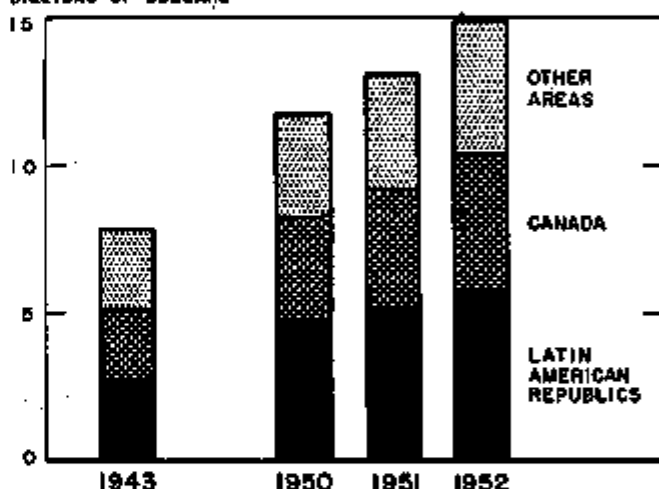
In addition to the customary data on net capital outflows for direct investment, it is helpful in analyzing changes in

parent in the same year. On this basis, the overall increase in net capital outflows from 1951 to 1952 was due to rising gross capital outflows, with gross inflows practically stable, but there was considerable variety in the experience of different industries and areas.

In manufacturing, the flow in both directions increased, with the net outflow rising slightly. However, the gross movement abroad for this industry was down in every area but Canada, where new investments in aluminum production

Value of U. S. Direct Investments Abroad,
by Area

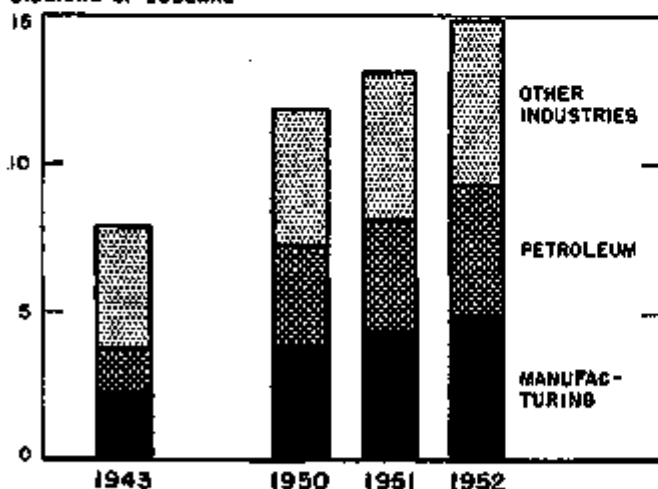
BILLIONS OF DOLLARS



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS 53-125-3

Value of U. S. Direct Investments Abroad,
by Industry

BILLIONS OF DOLLARS



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS 53-125-4

these flows to obtain information on the amount of capital moving in each direction. This can be done to some extent, as in table 4, from the data available by separating those enterprises receiving capital from the United States parent company from those returning capital to the United States

1. See *SURVEY OF CURRENT BUSINESS*, December 1953, pp. 8-14.

NOTE.—MR. PIZER AND MR. CUTLER ARE MEMBERS OF THE BALANCE OF PAYMENTS DIVISION OF THE OFFICE OF BUSINESS ECONOMICS.

dominated the picture. In the other areas net capital outflows for manufacturing were also reduced by larger gross inflows. This was particularly true in Latin America.

The gross flow of capital for mining investments was expanded to record amounts in Canada and Latin America as investments in iron ore and other properties reached a peak. Capital outflows in the petroleum industry were up by about \$200 million in 1952, but the inflow to the United States also remained high, except for Canada, where there was practically no inward movement.

A large part of the shift in public utility investments from 1951 to 1952 is connected with the liquidation of an investment in Mexico in 1951, which resulted in an abnormally large return flow in that year.

Largest expansion in manufacturing

In the 2 years 1951 and 1952 about \$1.1 billion was invested by American manufacturing companies in their foreign plants. This was certainly a record amount for such a short period and reflected the growing interest in expanded foreign markets. With this added investment the book

value of the foreign enterprises was raised to \$4.3 billion at the end of 1952.

About two-thirds of the investments in 1951-52 was financed out of plowed-back foreign earnings, and the remainder represented additional capital provided from the United States. Reinvested earnings were particularly important in Canada and Western Europe, where manufacturing plants have been long established. Net capital flowing across the border to Canada to manufacturing industries increased sharply in 1952, reflecting the financing of hydro-electric power and other facilities needed for developing new aluminum capacity. There was also a larger capital flow to Canadian enterprises producing chemicals, paper and allied products, and various kinds of machinery.

Among the countries of Latin America, there was a particularly sharp change in manufacturing investments in Mexico, with a number of important enterprises withdrawing funds in 1952 and also in 1953, possibly reflecting a slackened rate of increase in industrial production in Mexico in this period. In Brazil, on the other hand, manufacturing capital entered at a high rate in 1951 and 1952 as industrial production mounted. To some extent this new investment may have resulted from the blocking of dollar payments due to the parent companies by Brazil, and 1953 investments in this country appear to be substantially smaller. The reduction in the capital flowing to Latin America in 1952 occurred in nearly every major line of manufacturing, with only food products and fabricated metals moderately higher.

Petroleum investments expanding

Petroleum investments, after reaching an annual rate of about \$550 million in the 1947-49 period, including over \$50 million annually for oil tankers, were reduced to about \$320 million annually in 1950 and 1951. In 1952, however, there was a sharp upturn, raising the figure for this year to about \$600 million, and bringing the total book value of investments in the petroleum industry abroad at the end of 1952 to \$4.3 billion. Additions to petroleum investments in 1953 were probably even greater, with capital outflows in the first 9 months exceeding the 1952 total and retained earnings also high.

As shown in table 1, there were differences in the area distribution of the investments. Petroleum investments in Canada, including reinvested earnings, remained at \$140-\$150 million in each year of the 1950-52 period. In Latin America, on the other hand, there was a sharp change from a reduction in investments of \$60 million in 1950-51, to an increase of \$170 million in 1952. Some of the increase resulted from higher undistributed earnings of tanker subsidiaries, and did not go into fixed investment within the area. To the extent these funds were remitted to the United States through intercompany accounts, they appear in table 3 as capital inflows, mainly from Panama. However, a significant development in 1952 was a resumption of investment activity in Venezuela in many phases of the industry, including exploration, pipeline construction and refinery expansion.

Table 1.—Value of United States Direct Private Investments Abroad, Capital Movements and Undistributed Subsidiary Earnings, by Area and Industry, 1949-52

(Millions of dollars; reduction of investment (—))

Area and additions to value	All industries			Agriculture			Mining and smelting			Petroleum			Manufacturing			Public utilities			Trade			Miscellaneous		
	1949	1951	1952	1949	1951	1952	1949	1951	1952	1949	1951	1952	1949	1951	1952	1949	1951	1952	1949	1951	1952	1949	1951	1952
All areas:																								
Value at beginning of year...	18,789	11,788	13,080	574	560	642	1,011	1,129	1,317	3,074	3,380	3,783	3,373	3,831	4,352	1,411	1,425	1,431	860	782	885	607	682	702
Net capital movements...	621	528	540	—0	21	—2	37	108	278	248	93	243	192	180	211	—2	—5	28	68	58	17	37	70	80
Undistributed subsidiary earnings...	475	762	878	24	28	28	38	95	48	74	294	328	200	330	357	16	14	10	44	63	60	19	28	27
Other changes...	—8	22	—1	—	—	—	—2	32	2	—0	16	2	—	—25	—	—	—	—	—	—	—	—	—	—
Value at end of year...	11,788	13,080	14,619	554	581	640	1,129	1,217	1,642	3,300	3,703	4,201	3,531	4,302	4,920	1,426	1,420	1,459	782	885	906	646	702	780
Canada:																								
Value at beginning of year...	3,140	3,578	3,972	18	21	22	287	334	400	278	418	502	1,794	1,897	2,000	287	284	284	100	240	282	357	386	440
Net capital movements...	267	240	129	2	(1)	—1	30	30	184	122	134	192	88	80	121	—0	—1	1	42	6	2	21	41	42
Undistributed subsidiary earnings...	146	184	180	1	1	(1)	18	30	14	20	20	31	86	161	120	3	2	1	12	16	20	7	11	12
Other changes...	—20	—20	—2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Value at end of year...	3,876	3,972	4,189	21	22	21	334	400	600	418	502	716	1,897	2,000	2,241	284	283	285	142	246	282	357	386	440
Latin American Republics:																								
Value at beginning of year...	4,590	4,728	5,178	513	520	667	684	638	730	1,407	1,406	1,408	667	780	922	1,035	1,041	1,044	212	242	308	102	110	139
Net capital movements...	90	166	277	—7	22	—4	29	68	130	—69	—73	23	64	116	80	—3	—7	21	18	35	11	7	11	15
Undistributed subsidiary earnings...	190	290	308	14	16	11	4	16	15	14	82	128	49	98	94	9	18	11	12	23	30	7	2	8
Other changes...	—4	22	—2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Value at end of year...	4,736	5,174	5,756	520	536	663	728	724	871	1,406	1,406	1,577	760	962	1,106	1,041	1,044	1,070	242	308	344	110	120	149
Western Europe:																								
Value at beginning of year...	1,450	1,728	1,978	1	1	1	19	21	28	319	425	511	799	922	1,070	28	27	27	160	180	207	123	129	139
Net capital movements...	119	82	—4	(1)	—	—	(1)	(1)	(1)	73	37	—24	32	17	0	4	(1)	(1)	7	7	2	3	1	8
Undistributed subsidiary earnings...	151	181	174	(1)	(1)	(1)	2	3	3	32	33	48	101	121	111	(1)	(1)	(1)	13	14	0	8	8	0
Other changes...	16	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Value at end of year...	1,720	1,879	2,148	1	1	1	21	23	28	424	511	525	832	1,070	1,187	32	27	28	160	180	207	123	129	139
Western European dependencies:																								
Value at beginning of year...	427	436	445	6	6	10	75	88	95	311	200	235	0	0	0	10	18	18	10	12	10	1	1	1
Net capital movements...	14	1	—3	(1)	1	(1)	13	2	18	—6	—2	—23	0	—2	(1)	2	(1)	(1)	2	2	1	(1)	(1)	(1)
Undistributed subsidiary earnings...	—3	0	27	1	(1)	2	2	6	4	—7	1	18	(1)	1	1	(1)	(1)	(1)	1	1	1	(1)	(1)	(1)
Other changes...	—3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Value at end of year...	438	446	487	6	7	12	88	96	117	296	205	230	0	0	0	12	18	19	12	14	11	1	1	1
All other countries:																								
Value at beginning of year...	1,088	1,318	1,516	38	39	53	33	56	61	709	644	690	177	314	261	40	54	58	67	81	86	23	30	45
Net capital movements...	101	69	100	—4	1	—2	10	2	6	127	8	142	0	20	4	1	—	—	9	5	2	0	14	19
Undistributed subsidiary earnings...	71	132	172	8	13	12	7	2	0	16	58	109	31	38	31	4	2	3	5	9	4	2	1	1
Other changes...	—7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Value at end of year...	1,310	1,610	1,884	30	53	64	56	64	70	842	720	821	214	372	326	44	66	61	81	95	92	25	45	65

1. Less than \$500,000.

Source: U. S. Department of Commerce, Office of Business Economics.

NOTE.—"Other changes" consist of adjustments to the value of direct investments abroad caused by the revaluation of foreign properties, the transfer of assets from one country to another, adjustments for loss or profit on liquidations and other technical adjustments.

Table 2.—Value of United States Direct Private Investments Abroad, Capital Movements and Undistributed Subsidiary Earnings, by Selected Countries, 1949-52

(Millions of dollars; reduction of investment (-))

Country	Value end of 1949	Changes 1950			Value end of 1950	Changes 1951			Value end of 1951	Changes 1952			Value end of 1952
		Net capital outflows	Undistributed subsidiary earnings	Other changes		Net capital outflows	Undistributed subsidiary earnings	Other changes		Net capital outflows	Undistributed subsidiary earnings	Other changes	
All areas, total.....	18,799	621	475	-8	11,738	528	782	22	12,499	889	276	4	14,519
Canada.....	2,146	287	146	.....	2,574	249	181	-25	2,472	628	299	2	4,593
Latin American Republics, total.....	4,599	40	169	-4	4,738	165	249	27	4,176	277	364	1	5,958
Argentina.....	323	15	12	.....	368	-8	15	.....	365	8	16	2	385
Brazil.....	558	20	36	.....	644	82	67	.....	803	125	85	.....	1,013
Chile.....	515	22	(1)	.....	540	40	8	.....	583	37	2	.....	623
Colombia.....	194	-7	0	.....	193	11	3	.....	207	20	7	.....	234
Costa Rica.....	57	2	1	.....	60	(1)	1	.....	61	(1)	(1)	.....	61
Cuba.....	610	7	10	.....	642	19	16	.....	672	8	9	.....	689
Dominican Republic.....	102	1	3	.....	100	11	6	.....	123	-7	7	.....	124
Ecuador.....	16	2	(1)	-4	14	(1)	(1)	.....	14	(1)	(1)	.....	14
Guatemala.....	104	1	1	.....	100	-1	1	.....	100	1	1	.....	106
Honduras.....	60	1	1	.....	62	14	2	.....	76	2	1	.....	81
Mexico.....	374	25	15	.....	414	24	33	.....	471	-12	20	.....	480
Panama.....	337	-1	12	.....	346	-58	70	-7	373	-45	58	.....	383
Peru.....	149	0	0	.....	146	17	3	38	187	25	0	.....	230
Uruguay.....	51	3	2	.....	50	0	0	.....	57	1	8	.....	71
Venezuela.....	1,080	-30	-4	.....	993	-18	10	.....	980	116	73	.....	1,181
Other countries.....	57	-3	2	.....	56	2	2	.....	61	(1)	3	.....	64
Western Europe, total.....	1,458	189	161	.....	1,730	63	141	16	1,926	-8	174	.....	2,146
Belgium.....	65	3	7	.....	65	13	0	.....	87	-2	10	.....	95
Denmark.....	30	0	(1)	.....	32	3	2	.....	37	(1)	1	.....	38
France.....	185	0	23	.....	217	2	90	.....	240	2	25	.....	270
Germany.....	173	7	24	.....	204	3	17	10	224	2	14	.....	251
Italy.....	37	10	7	.....	63	(1)	0	.....	72	5	3	.....	80
Netherlands.....	57	18	9	.....	84	7	0	.....	100	(1)	8	.....	108
Norway.....	23	(1)	2	.....	24	1	4	.....	28	(1)	4	.....	33
Portugal.....	14	2	0	.....	16	3	0	.....	19	1	2	.....	21
Spain.....	37	3	2	.....	31	2	3	.....	36	(1)	3	.....	40
Sweden.....	61	2	5	.....	68	3	4	.....	65	3	3	.....	70
Switzerland.....	32	2	1	.....	35	2	1	.....	39	(1)	(1)	.....	38
Turkey.....	17	-1	(1)	.....	16	1	(1)	.....	17	(1)	1	.....	18
United Kingdom.....	729	49	49	.....	847	18	90	0	941	-21	96	.....	1,038
Other countries.....	31	6	2	.....	38	4	4	.....	46	2	2	.....	50
Western European dependencies, total.....	437	14	-3	-3	435	1	8	.....	445	-5	27	.....	467
Western Hemisphere:													
British.....	61	6	3	-3	68	1	4	.....	71	15	2	.....	88
Other European.....	65	1	-1	.....	65	6	-2	.....	68	5	-3	.....	70
Africa:													
British.....	37	3	1	.....	41	0	7	.....	56	0	0	.....	56
French.....	27	3	2	.....	31	(1)	1	.....	32	-1	1	.....	35
Other European.....	10	0	(1)	.....	12	(1)	(1)	.....	13	1	1	.....	14
Other areas:													
British.....	201	-3	-3	.....	190	-12	-1	.....	177	-39	16	.....	150
Other European.....	20	4	(1)	.....	30	2	(1)	.....	32	7	(1)	.....	30
Other countries, total.....	1,088	161	71	.....	1,316	89	132	7	1,516	160	172	.....	1,864
Asia:													
Egypt.....	36	-1	2	.....	39	2	3	.....	44	(1)	2	.....	46
Liberia.....	47	32	3	.....	82	(1)	22	.....	104	(1)	34	.....	140
Union of South Africa.....	105	22	13	.....	140	7	10	.....	157	25	12	.....	194
Other countries.....	8	2	(1)	.....	7	(1)	(1)	.....	7	1	(1)	.....	8
Other areas:													
India.....	37	10	1	.....	36	7	4	.....	49	0	5	.....	63
Indonesia.....	62	-13	0	.....	56	4	4	.....	72	-23	23	.....	74
Israel.....	18	2	(1)	.....	15	10	(1)	.....	34	7	(1)	.....	41
Japan.....	12	7	(1)	.....	19	21	5	.....	45	23	1	.....	60
Philippines Republic.....	123	0	11	.....	140	0	0	.....	163	9	0	.....	172
Other countries in Asia.....	457	69	10	.....	445	-20	65	.....	454	81	68	.....	603
Australia.....	101	24	10	.....	201	20	25	1	258	20	25	.....	310
New Zealand.....	17	7	1	.....	24	4	2	.....	31	4	2	.....	37

1. Less than \$200,000.

Source: U. S. Department of Commerce, Office of Business Economics.

Note. "Other changes" consist of adjustments to the value of direct investments abroad caused by the revaluation of foreign properties, the transfer of assets from one country to another, adjustments for loss or profit on liquidations and other technical adjustments.

Investments in Western Europe, notably the United Kingdom, were affected by a reversal of the capital flow in 1952 after two years of substantial capital additions. The small further increase in investments which took place in 1952 resulted entirely from larger reinvested earnings. A major expansion in refinery capacity was carried out in Western Europe in 1950 and 1951 by the petroleum companies, and some projects were continuing in 1952 and 1953. However,

by 1952 the principal expenditures had been made, and as the facilities went into operation the foreign enterprises were able to begin reducing their indebtedness to the United States parent companies.

Somewhat the same situation prevailed in the Western European dependencies in the Middle East, where petroleum investments were reduced by small amounts in 1950-52 in contrast to the sizable capital outflows in the earlier post-

Table 3.—Net Direct Private Investments—Capital Movements to Selected Countries by Major Industries, 1950-52

(Millions of dollars)

Country	All industries			Mining and smelting			Petroleum			Manufacturing			Trade			Other		
	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952
Total.....	521	528	559	57	100	378	348	52	245	182	190	211	69	68	17	39	87	96
Canada.....	287	248	428	29	36	334	122	124	123	88	30	121	33	6	2	17	42	41
Latin American Republics, total.....	40	165	277	29	68	258	-68	-78	32	84	116	80	19	28	11	-2	28	35
Argentina.....	15	-5	5	(1)	(1)	(1)	(1)	(1)	(1)	1	-5	12	1	5	4	-1	-3	5
Brazil.....	30	23	121	(1)	(1)	(1)	(1)	(1)	(1)	17	61	3	1	8	1	1	33	33
Chile.....	22	40	27	(1)	(1)	(1)	(1)	(1)	(1)	3	7	3	1	2	1	33	33	33
Colombia.....	-7	11	20	(1)	(1)	(1)	(1)	(1)	(1)	3	2	3	1	2	1	33	33	33
Costa Rica.....	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cuba.....	7	13	5	(1)	(1)	(1)	(1)	(1)	(1)	4	5	1	2	2	1	33	33	33
Dominican Republic.....	1	11	-7	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Honduras.....	1	14	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Mexico.....	25	34	-10	(1)	(1)	(1)	(1)	(1)	(1)	20	42	3	5	8	1	1	1	1
Panama.....	-1	-38	-48	(1)	(1)	(1)	(1)	(1)	(1)	3	1	3	1	1	1	1	1	1
Peru.....	-9	17	28	(1)	(1)	(1)	(1)	(1)	(1)	3	1	1	2	2	2	1	1	1
Uruguay.....	3	9	1	(1)	(1)	(1)	(1)	(1)	(1)	3	1	1	3	3	3	1	1	1
Venezuela.....	-20	-18	115	(1)	(1)	(1)	(1)	(1)	(1)	4	3	1	7	6	1	1	1	1
Other countries.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Western Europe, total.....	115	62	-8	(1)	(1)	(1)	73	37	-24	32	17	-6	7	7	3	1	1	1
Belgium.....	3	13	-2	(1)	(1)	(1)	(1)	(1)	(1)	5	8	1	1	1	1	1	1	1
France.....	9	2	2	(1)	(1)	(1)	(1)	(1)	(1)	1	1	1	1	1	1	1	1	1
Germany.....	7	3	3	(1)	(1)	(1)	(1)	(1)	(1)	3	3	1	1	1	1	1	1	1
Italy.....	18	(1)	6	(1)	(1)	(1)	(1)	(1)	(1)	3	3	1	1	1	1	1	1	1
Netherlands.....	18	7	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3	3	1	1	1	1	1	1	1
Portugal.....	3	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3	3	1	1	1	1	1	1	1
Spain.....	3	2	1	(1)	(1)	(1)	(1)	(1)	(1)	3	3	1	1	1	1	1	1	1
Sweden.....	3	3	2	(1)	(1)	(1)	(1)	(1)	(1)	3	3	1	1	1	1	1	1	1
United Kingdom.....	48	18	-21	(1)	(1)	(1)	(1)	(1)	(1)	24	1	1	2	3	1	1	1	1
Other countries.....	9	11	2	(1)	(1)	(1)	(1)	(1)	(1)	4	4	1	1	1	1	1	1	1
Western European dependencies, total.....	14	1	-5	(1)	(1)	(1)	-4	-2	-23	3	-3	(1)	3	3	1	1	1	1
Western Hemisphere.....	5	1	15	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
British.....	1	5	5	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other European.....	4	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Africa.....	3	6	6	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
British.....	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
French.....	3	5	1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other European.....	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other areas.....	-3	-12	-30	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
British.....	4	2	7	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other European.....	7	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other countries, total.....	101	48	164	15	1	6	127	8	143	6	28	4	9	5	2	3	15	12
Africa.....	32	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Liberia.....	23	7	25	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Union of South Africa.....	1	3	1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other countries.....	1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other areas.....	24	29	29	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Australia.....	10	7	9	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
India.....	-13	4	-22	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Indonesia.....	2	19	7	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Israel.....	7	21	23	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Japan.....	6	6	9	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Philippine Republic.....	99	-38	83	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other countries.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

1. Included in totals. 2. Less than \$500,000. Source: U. S. Department of Commerce, Office of Business Economics.

war years when the various properties were being brought into production. However, petroleum investments in the independent Middle Eastern countries and in the Far East increased substantially in 1952. In the Middle East the intensification of investments raised oil production to record levels.

The major activity in the Far East was the further expansion of refining capacity, but exploration for new oil resources also required a considerable amount of capital. One of the results of these expenditures was the recent discovery of new oil reserves in Australia.

The far-sighted postwar foreign investment by United States petroleum companies has undoubtedly been a major factor in facilitating the recovery and expansion of economic activity in Europe and nearly every other part of the world. Not only did the United States companies abroad increase their output of crude oil from nearly 400 million barrels in 1946 to about 1 billion barrels in 1952, but they also

provided for moving the oil to the consuming areas by pipeline and tanker, and erected the required refining, storage and distribution facilities. In addition, by spending very large sums for exploration and development the companies are locating new reserves which will provide for consumption for many years.

Mining investments higher

Capital outflows for mining investments abroad in 1952 were about \$280 million, far higher than in any previous year. This investment was mainly connected with a few large projects, although much activity was carried out on a smaller scale to develop new sources of essential raw materials. The amount of reinvested earnings was down from 1951 as earnings were reduced by price declines of some metals and minerals.

Table 4.—Gross Movements of Direct Private Capital, by Areas and Industries, 1951-52¹

(Millions of dollars; net inflows (-))

Industries and years	All areas			Canada			Latin American Republics			Western Europe			Western European dependencies			Other countries		
	Out-flows	In-flows	Net	Out-flows	In-flows	Net	Out-flows	In-flows	Net	Out-flows	In-flows	Net	Out-flows	In-flows	Net	Out-flows	In-flows	Net
All industries:																		
1951	1,003	476	527	330	81	249	414	249	165	97	35	62	30	29	1	132	73	59
1952	1,381	531	850	513	96	417	408	182	277	58	70	-8	55	08	-5	272	104	168
Agriculture:																		
1951	42	18	24	1	1	(0)	39	17	22				1		1	1	1	1
1952	32	19	-13	(0)	2	-1	11	15	-4				(0)		(0)	1	1	-2
Mining and Smelting:																		
1951	125	25	100	35	1	34	84	24	60	(0)		(0)	3	(0)	2	2	(0)	2
1952	299	21	278	135	(0)	134	140	20	120	(0)	(0)	(0)	18	(0)	18	6	(0)	6
Petroleum:																		
1951	824	237	587	128	4	124	54	139	-75	50	13	27	23	20	-2	24	66	6
1952	825	279	546	124	2	122	112	81	32	27	51	-24	34	58	-23	228	80	148
Manufacturing:																		
1951	309	110	199	185	73	112	136	20	118	30	13	17	(0)	2	-2	31	3	28
1952	349	148	201	205	82	123	128	40	80	21	15	6	(0)	(0)	(0)	15	11	4
Public Utilities:																		
1951	24	33	-9	1	2	-1	24	31	-7	(0)	(0)	(0)	(0)	(0)	(0)	2		2
1952	31	7	24	1	(0)	1	37	7	21	(0)	(0)	(0)	(0)	(0)	(0)			
Trade:																		
1951	91	33	58	13	7	6	66	18	38	10	3	7	3	1	2	9	4	5
1952	64	47	17	0	7	7	38	28	11	9	7	2	2	1	1	0	4	2
Other:																		
1951	81	21	60	48	4	44	21	10	11	3	6	1	(0)	(0)	(0)	14	1	13
1952	80	10	70	48	4	44	20	2	18	11	3	8	(0)	(0)	(0)	14	1	13

1. The gross capital outflow shown in each area-industry cell of this table represents the sum of the net capital outflows to those foreign subsidiaries and branches for which net outflows were reported for each of the years covered. Conversely, the gross inflows shown for each cell represent the sum of the net inflows from those foreign subsidiaries and branches for which inflows were reported in each year. The totals for "all areas"

are the sums of the figures shown in the area-industry cells. It should be noted that the gross totals, but not the net amounts, would change if the compilation were done on a quarterly basis.

2. Less than \$100,000.

Source: U. S. Department of Commerce, Office of Business Economics.

Some of the largest investments were in Canada, including the well-known projects for developing the iron ore resources of Labrador. Another large investment in 1952 was the development of Venezuelan iron ore resources. Capital outflows for these projects were at a peak in 1952, but a part of this capital was not utilized until the following year.

Capital sent abroad to finance trade and distribution enterprises declined in 1952, particularly in Latin America, while reinvested earnings remained about the same as in 1951. However, these capital items are essentially short-term and show considerable annual variation.

Table 5.—Private Long-Term Portfolio Investments Abroad, by Area and Type, 1950-52

(Millions of dollars; capital inflows to United States (-))

Type	Total	Canada	Latin American Republics	Western Europe	Other countries	International institutions
1950—Total	143	30	-34	19	10	118
New foreign security issues	287	158			47	83
Amortizations and redemptions	-60	-38	-10	-9	-10	
Transactions in outstanding foreign securities	-129	-700	-18	-7	-40	25
Banking and commercial loans	51	20	-8	33	13	
1951—Total	261	220	-28	-54	40	163
New foreign security issues	401	302			50	149
Amortizations and redemptions	-123	-88	-11	-3	-11	
Transactions in outstanding foreign securities	-87	8	-22	-15	-22	14
Banking and commercial loans	20	-2	4	-6	23	
1952—Total	407	324	-27	157	10	2
New foreign security issues	254	108	10			80
Amortizations and redemptions	-207	-167	-18	-3	-8	-100
Transactions in outstanding foreign securities	324	332	-21	-8	-2	23
Banking and commercial loans	166	-4	3	168	20	-1

Source: U. S. Department of Commerce, Office of Business Economics.

294297-54-2

Investments in other industries continued to show moderate gains in 1952. In agriculture, capital flowing back to the United States in 1952 exceeded the movement abroad, with reinvested earnings accounting for the small increase in investment. Continued price declines in 1952 and 1953 for some of the more important products produced abroad by United States-owned agricultural facilities, as well as unsettled political situations in some areas, were deterrents to any sizable new investments. Public utility companies have been investing moderate amounts in Latin America to meet the growing need for electric power. The net capital inflow shown for this industry in 1951 was connected with the sale of one property in Mexico.

Two-thirds invested in Western Hemisphere

In the 1950-52 period, as in earlier periods of American direct investment abroad, the proportion invested in Western Hemisphere countries was maintained at about two-thirds of the total. In 1951 and 1952 about \$2 billion was added to direct investments in these countries out of total additions of a little over \$3 billion. By the end of 1950 the value of investments in this area alone exceeded the value of all direct investments abroad in 1943.

Direct investments in Canada reached a record rate of over \$600 million in 1952. It appears that there will be some reduction in capital flowing to Canada as the financing of some of the very large mining and petroleum ventures has been largely accomplished, while much of the manufacturing investment is financed out of earnings.

The rate of direct investment in Latin America was also very high in 1952, particularly for mining and petroleum enterprises. The largest increases in investment in that year were in Brazil and Venezuela. By the end of 1952 the book value of United States direct investments in each of these countries was over \$1 billion.

Additions to direct investments in Western Europe were reduced in each year from 1950 through 1952, mainly because of the decreasing need for United States funds for the construction of petroleum refineries. There was a marked change in capital flows from 1951 to 1952, with a large increase in the amount sent back to the United States by companies reducing their investments and a drop in the amount being invested in Europe by those companies carrying out further investments. Investments out of retained earnings remained high, however, so that by the end of 1952 United States direct investments in the United Kingdom were also valued at over \$1 billion.

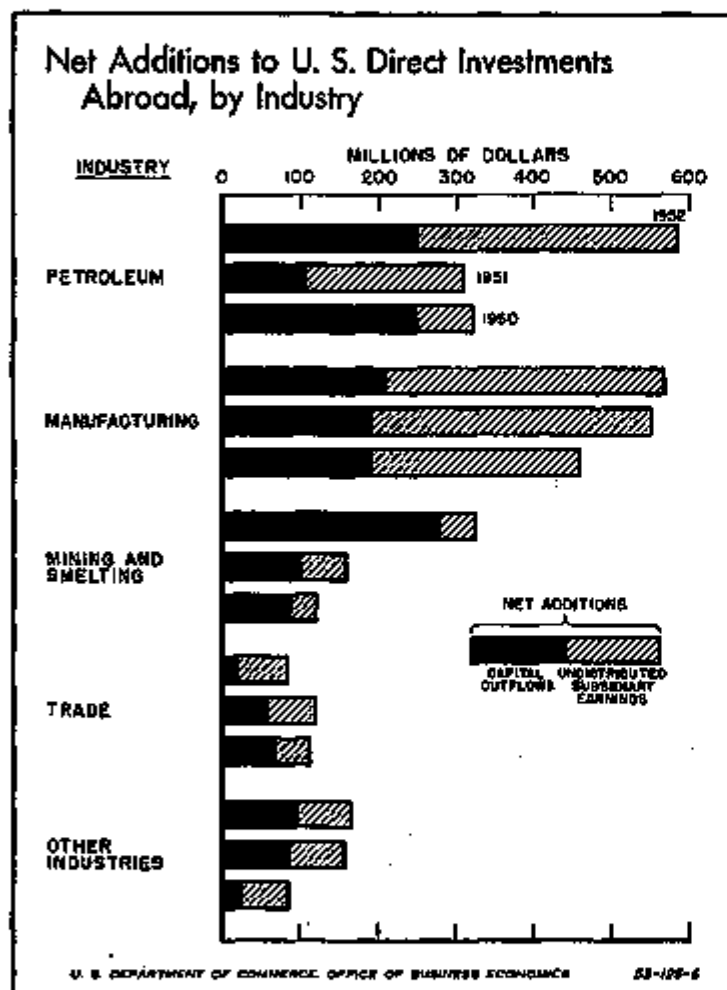
Investment activity by United States companies in other areas was considerably higher in 1952 than in the previous two years. The renewed investment in Middle Eastern

in 1953 changed into a net return of capital from abroad.

Much of this portfolio lending in the 1950-52 period has been directed to Canada which received about 60 percent of the nearly \$1 billion net new investment. In this period a substantial number of bond issues have been sold in the United States by Canadian provinces and municipalities to finance a wide variety of projects, and Canadian corporations have also sold their common stock in the United States in sizable amounts. However, a large part of the recent capital movement to and from Canada has been associated with the short-term fluctuations of exchange rates and bond yields rather than with more permanent investments.

American private investors have also provided a sizable amount of financing for the International Bank for Reconstruction and Development by buying the bonds of that institution. The International Bank is also finding that foreign governments and other investors in recent years have increased their participation in the Bank's financing by purchasing both foreign currency and U. S. dollar bonds.

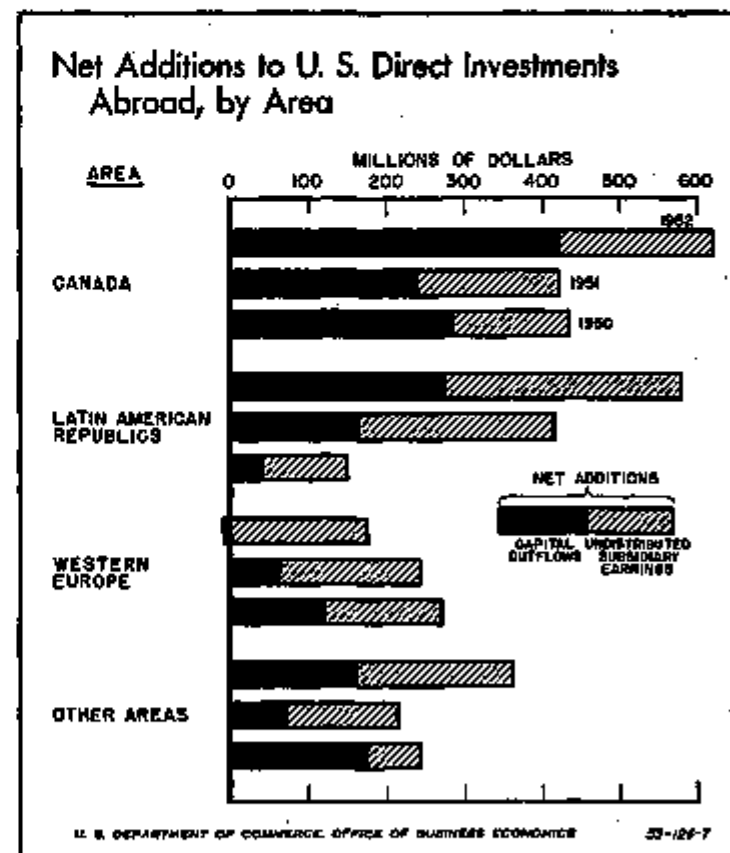
Aside from the portfolio capital going to Canada and the International Bank the outflow has been sporadic and for rather special purposes, including sales of bonds of the Government of Israel and a fully secured special bank loan to France in 1950. There are no indications as yet that port-



petroleum has already been discussed above. Other countries where investments are going forward, as shown in table 2, include India, Japan, the Philippine Republic, the Union of South Africa and Australia.

Portfolio investments remain low

Private investments in foreign bonds and stocks and various types of claims or assets with a maturity of more than one year, have had a minor attraction for American investors in the postwar years. The rate of portfolio capital outflows declined in each year from 1950 through 1952 and



folio capital outflows can be expected to increase materially, although there have been a number of favorable developments in the position of outstanding dollar bonds. Dollar bonds held in the United States in default and not now covered by agreements had a par value of \$103 million out of a total par value for foreign bonds held in the United States of \$2.6 billion at the end of 1952.